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SOURCE Hua-ch'iao Jih-pao.

ADMINISTRATION COUNCIL PASSES FINANCE
 AND ECONOMIC UNIFICATION MEASURE

Peiping, 9 March (Hsin-hua) -- The Administration Council of the Central People's government passed a measure in its 22d Session entitled "Decisions Regarding the Unification of State Financial Administration and Economic Activities." The text of the decision is as follows:

The present financial and economic situation in China is characterized by four special factors:

1. According to reports from all parts of the country, the present force of military and civil servants numbers nearly 9 million persons.

2. While in general the public grain levy from last autumn's harvest has been collected, in some areas the work has not been completed, and certain deviations have developed which have resulted in a wide divergence between the tax estimates and the actual results.

3. Formerly, government expenses were met largely by the central government, which depended to a great extent upon the issuance of currency to make the payments. Now, the collection of public grain and other taxes is largely in the hands of local authorities on the various levels, resulting in many variations of practice in collections and disbursements. Should these divergent practices be allowed to continue, they can only result in a great increase in the currency in circulation.

4. Since all of the mainland outside of Tibet has been brought under one government, what happens in the realm of finance in one part of the country is bound to affect the whole country. As a result of 12 years of conflict and unlimited currency circulation, the people's livelihood has become very difficult. It is very important, therefore, that steps be taken to limit currency issues.

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If this discrepancy between income and expenditures and the lack of uniformity among financial agencies be permitted to continue, it will not only throw the 1950 budget out of balance, but it will also greatly increase the hardships of the people.

It should be pointed out, however, that some improvement has been made in the situation. Possibilities for further improvement lie in reduction of disbursements, revision of collections, and unification of control of collections and disbursements. For the accomplishment of these purposes the Administration Council has formulated the following regulations:

1. There shall be created a National Coordination Committee (ch'uan-kuo pien-chih wei-yuan-hui). Po I-po (Ueda: 10139, 1, 6086) is appointed chairman of this committee and Nieh Jung-chen (9331, 5210, 9618) is appointed vice-chairman, the latter by action of the People's Revolution Military Affairs Council. All regional administrative districts, provinces, and large cities shall have branch coordination committees to decide upon and distribute military and civil personnel, horses, vehicles, etc.

All military and civil leaders shall be responsible for properly estimating their present actual personnel and vehicle strength, for preventing padding of estimates, and for immediately ceasing the employment of unauthorized personnel and the enrollment of trainees. Officials and heads of government enterprises may not privately dismiss supernumerary personnel; they shall be transferred by the various branch coordination committees according to a unified plan.

When government agencies or enterprises are in need of personnel, they shall, after the proper office has approved, request the National Coordination Committee to provide the personnel. Only in case that committee has insufficient personnel for all needs, and after permission has been secured from the competent office, may personnel be otherwise recruited.

As for former KMT soldiers and civil officials, the original policy remains in force, but persons dismissed before the liberation forces took over need not be recalled. Such personnel requesting the privilege of returning to their homes need not be pressured to remain. Personnel who have been taken over from the KMT staffs should not be regarded as a negative, dangerous group, but should be reformed according to an orderly plan and suitably employed.

2. There shall be set up a National Property Liquidation and Redistribution Committee, of which Ch'en Yun (12864, 13020) shall be chairman and Yang Li-san (5123, 8354, 7) vice-chairman. Each regional administrative district, province, city, hsien, rear areas service section, business establishment, and factory shall organize property liquidation and redistribution branch committees. The leader of each organization shall be personally responsible for the direction of the investigation of warehouses, and shall, by the end of June 1950, make a report of all property warehouses under the control of his organization to the National Property Liquidation and Redistribution Committee without concealment and without removal for individual purposes.

All property on hand shall be handled by the Finance and Economic Commission of the Administration Council and be put to suitable use to reduce the financial disbursements and imports for this year.

3. Compulsory Austerity. All offices and public schools must set up standards of work for teachers and personnel, as well as the number of personnel required. In the case of teachers, the number of personnel and work load shall be based on the number of students. Government factories and

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enterprises, in addition to the establishment of industrial workers personnel requirements and production standards and quotas, shall have a materials consumption system designed to diminish the tendency to overstock and waste materials.

Each state-operated economic organization must increase the rate of capital turnover, prolong the useful life of machines, set up a safety system, and severely punish embezzlers and wastrels among the personnel. Throughout the nation, austerity should be practiced as far as possible in all disbursements; unnecessary expenditures shall be delayed in order to accumulate financial strength to destroy the enemy and restore the economic life of the nation.

4. All public grain collected from all parts of the country, except that collected outside the regular assessment for local uses, shall be turned over to the Central Government's Ministry of Finance for unified distribution and use. No provincial, city, hsien, or ch'u officials may, except under proper orders, divert any public grain. At the same time, all the above-named officials are responsible for the preservation of such grain from loss and spoilage, and for assistance in its transport.

Last year many places had a short harvest, and because city requirements were especially high, it was necessary for the Finance and Economics Commission of the Administration Council to plan on a national basis to secure a suitable use of grain resources. Except for necessary food for men and animals, special treatment for disabled veterans, famine relief, and supplies for infant feeding, no public grain shall be disbursed without orders. No provincial authorities may fail to carry out orders for the transport of grain outside the province that have been issued by the Ministry of Finance after careful consideration and planning. In supplying grain to outside areas, good grain from the nearest point should be supplied. The orders of the Ministry of Finance for disbursement, protection, and transport of public grain should be enforced.

5. Aside from the permitted taxes for local use, all customs dues, salt taxes, commodity taxes, and industrial and commercial taxes shall accrue to the Ministry of Finance of the Central People's government, for unified appropriation and use. All large cities and hsien which have not set up government warehouses by the end of March 1950, must do so by the middle of March [sic] and shall make daily deposits of tax receipts therein on behalf of local administrators, beginning with the March collections. For the more distant places, local governments may decide the time lapse before the funds must be deposited in the treasury. Late remittances and temporary borrowings of tax funds shall not be permitted. Tax collections are one of the main sources of national revenue. It is the greatest source of government funds for meeting current expenditures. To accomplish the collection of taxes successfully, the people's government officials of the cities and hsien shall appoint the most reliable cadres as tax officials.

Items under regulations four and five (public grain), as well as the amount added for local expenditures, tariffs, tariff schedules, and tariff rates, are all matters referred by the Ministry of Finance to the Administration Council for decisions. No people's government officials on any level may reduce or change them.

6. To equalize domestic supply and demand, organize foreign trade, plan supply and sale of goods, and clear currencies obtained from sales, the determination of responsibilities of and the supply of goods for all state-operated trading agencies shall be controlled by the Ministry of Trade.

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All local authorities and financial and economic committees shall have the responsibility of supervising and assisting local trading agencies to carry out the unification plans of the Ministry of Trade. No changes shall be made in the plans of the Ministry of Trade by local trade agencies without special authorization. Transactions between trade agencies and business establishments, factories, and cooperatives shall follow the customary economics estimates system laid down for business management. Lack of sufficient funds for operations shall not be offered as an excuse for withholding any funds of the trading agencies. The strictest integrity shall be observed in the relationships of the various economic agencies. All violations of this principle shall be reported to the courts.

The receipts of all trading organizations that belong to the Ministry of Trade shall be deposited daily in the National Treasury, and may not be otherwise used or turned in late. No local trade organization shall withdraw any funds from the treasury without authorization from the Ministry of Trade of the Central People's government. All military and civil offices shall strictly observe the orders of Chairman Mao Tse-tung and refrain from mercantile transactions.

7. There shall be three types of control for public factories and businesses: (a) for those directly under the control of the central government authorities, (b) for those belonging to the central government, but temporarily assigned to local civil or military authorities, and (c) for those permanently assigned to the control of local civil or military authorities.

According to the above system, the Finance and Economics Commission of the Administration Council shall determine the production quotas for government-owned factories and businesses, and shall determine the regulations for purchases of stock and loans to these factories and businesses. Each publicly operated factory, business, and cooperative shall follow the regulations of the Ministry of Finance and make regular reports. All factories and businesses operated by central or local government authorities shall provide for depreciation and interest charges... (22 words missing); the totals and periodical amounts to be turned in shall be determined by the Finance and Economics Commission of the Administration Council and local authorities in accord with the circumstances.

8. The People's Bank shall be the disbursing agency for the national government. It shall set up subsidiary agencies to act for the national treasury. Foreign exchange rates and disbursements shall be taken care of by the People's Bank.

All foreign exchange sought by publicly operated agencies shall be approved by the Finance and Economics Commission of the Administration Council. The requests of private parties for foreign exchange shall continue to be handled as heretofore. Except for certain amounts for immediate disbursements, military and civil agencies and publicly operated businesses shall deposit all receipts in the national bank. Such receipts may not be loaned to private individuals or deposited in private banks. Violators of this regulation shall be dealt with by law.

The national bank should be diligent in receiving deposits, both public and private, but the amount of such funds it may use in its own business transactions shall be determined by the Finance and Economic Commission of the Administration Council.

9. The Ministry of Finance of the People's government must guarantee the expenditures of the military and the local government agencies and restore capital investments needed by the economy. Current disbursements for the operating

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expenses of military units and local governments shall be made monthly and quarterly on the basis of the budget estimates and the actual personnel involved. The underlying principle is to give consideration first to the war front, then to the rear areas; first to the military, then to the civil needs.

In making disbursements to the civil authorities, amounts collected in local taxes and income from government business enterprises shall be deducted from the budgeted amounts before disbursements are made. Disbursements for the capital of state enterprises and for cultural and educational social services shall be made on the basis of the national budget estimates and the decisions of the Finance and Economics Commission of the Administration Council. Before state enterprises receive their capital funds, proper engineering estimates must be approved.

To preserve the currency values of funds for military and civil administration purposes and for business capital, the national bank shall hold deposits in kind, allowing either no interest or minimal interest. To protect the disbursements for the various agencies mentioned above, the Ministry of Finance must maintain a firm control over tax funds, public grain, conversion of public grain into cash, receipts from bond sales, profits on government enterprises, and depreciation reserves to see that all these funds reach the treasury intact.

10. The Administration Council believes that by a strict application of the above provisions, the financial difficulties of the nation may be overcome, disbursements for military and civil administration may be maintained, and currency inflation prevented. Therefore, they must be carried out strictly, completely, and unitedly. Those who fail to carry them out and thus work against the interests of the people shall be severely dealt with according to laws that shall be enacted to cover the matter.

During the past, our working comrades everywhere have been supporting the war front and have worked hard in the collection of public grain and many other duties. In the future, their responsibilities will still be very heavy, and their duties cannot be disassociated from the military victory. At the same time, the enforcement of the unified control of national financial and economic matters will create many difficulties, particularly in newly liberated areas.

The uncoordinated relations of collection and disbursement agencies and the unsettled conditions of the currency and of the markets require coordination. After the public grain and tax funds have come under the unified control of the central government, there will still be difficulties, but these difficulties will be small, indeed, in comparison with the difficulties arising from a continuation of the disunity and the dislocation of currency and markets that has prevailed heretofore. Therefore, the parts must be coordinated in the whole, the local governments must abide by the regulations of the central government, and there must be a disposition to put up with small discomforts to prevent and avoid much greater troubles.

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